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Mikal Holding ApS, Gl. Koge Landevej 119,2, DK-2500 Valby (DK).

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(74) Agent: **HOFMAN-BANG ZACCO A/S**; Hans Bekkevolds Allé 4, DK-2900 Hellerup (DK).

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(71) Applicant (for all designated States except US): **MIKAL HOLDING APS [DK/DK]**; Gl. Koge Landevej 119,2, DK-2500 Valby (DK).

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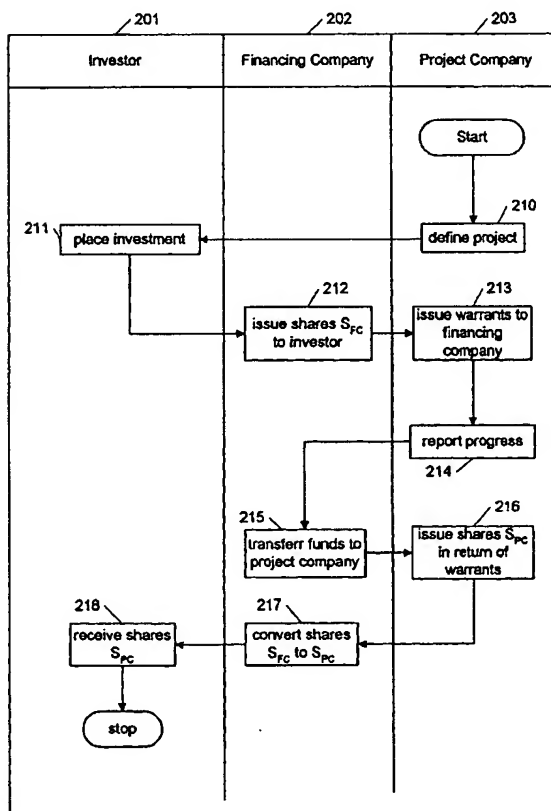
(72) Inventor; and

(75) Inventor/Applicant (for US only): **LEIT, Allan [DK/DK]**;

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(54) Title: **METHOD AND SYSTEM FOR MANAGING INVESTMENT CAPITAL**



(57) Abstract: A method and system for managing public venture capital which provides to the general public, e.g. via the Internet, the possibility of investing in young companies with a high growth potential; the method comprising the steps of selecting a project owned by a project owner, the project corresponding to a plurality of predetermined project milestones; raising capital for the project by selling a first plurality of shares of a first company related to the project to at least one investor during a subscription period; issuing a number of warrants and/or options by the project owner to the first company corresponding to the raised capital; and initiating transactions between the project owner and the first company according to a predetermine payment schedule corresponding to the project milestones, where the first company acquires a second plurality of shares of the project owner corresponding to said warrants and/or options.

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Method and system for managing investment capital

FIELD OF THE INVENTION

This invention relates to the management of investment
5 capital.

BACKGROUND OF THE INVENTION

In the context of traditional venture capital,
established firms invest money, possibly from many
different sources, in high-risk and potentially high-
10 profit investments, preferably in young, innovative
companies.

In this context, the term "young company" refers to a
company at an early stage of its life cycle prior to a
possible traditional initial public offering (IPO) and
15 with a potentially high and rapid growth of the value of
a company. In order to realise the desired high return of
investment, a clear exit strategy about when and how to
get out of the investment is required. Possible ways of
realising a profit are by selling out to the management
20 of a company or by going public (IPO). Hence, a typical
time frame for such an investment may be 3 to 5 years.

Another possible source of equity capital is the so-
called "business angle capital", which is equity capital
provided directly to new and growing, unquoted businesses
25 by wealthy private individuals - usually acting as
individuals or as part of informal syndicates.

However, apart from these so-called "business angles" the
possibilities for private investors of investing in
private companies are mainly limited to buying
30 traditional stocks, ruling out the possibility of

investing into young, high-risk, high potential but unquoted companies.

There are known systems for facilitating the management of private venture capital. The Internet site
5 www.offroadcapital.com by OffRoad Capital Corporation, for example, offers a market place for private equity investment, where private investors who fulfil certain eligibility requirements, such as a certain minimum annual income, may invest in a number of selected private
10 equity offerings for a minimum of USD 25.000.

However, the prior art is only concerned with the investment of private venture capital by wealthy private individuals or by institutionalised investors, willing to invest in high-risk investments with a risk of a complete
15 loss of investment.

Consequently, the prior art involves the problem that the risk of investment is high, and a complete loss of the investment is a possibility, if the company an investor has invested in, fails.

20 SUMMARY OF THE INVENTION

It is an object of the invention to provide a method of managing investment capital with a high level of security against a complete loss of investment.

It is a further object of the invention to provide a
25 management method and system which is particularly well-suited for venture capital provided to the general public with the possibility of investing in young companies with a high growth potential. This will be called public venture capital in the following.

The above and other objects are achieved when a method of managing investment capital for at least one project comprises the steps of

5 selecting a project owned by a project owner, the project corresponding to a plurality of predetermined project milestones;

raising capital for the project by selling a first plurality of shares of a first company related to the project to at least one investor during a subscription
10 period;

issuing a number of warrants and/or options by the project owner to the first company corresponding to the raised capital;

15 initiating transactions between the project owner and the first company according to a predetermined payment schedule corresponding to the project milestones, where the first company acquires a second plurality of shares of the project owner corresponding to said warrants and/or options.

20 Consequently, according to the invention, the investors do not acquire shares of the project owner directly, but rather shares of a financing company which, preferably, is established for that purpose. Hence, it is this other company which controls the payments to the project
25 according to the project milestones, thereby providing a means for supervising the project and controlling the payments. Thereby, additional security is achieved for the investors.

30 For example, if the project fails or the company owning the project goes bankrupt, any remaining funds held by the financing company may be distributed to the investors

according to their respective shares. Consequently, an investor does not risk the entire investment at the beginning of the project, but the investment is performed in a successive and controlled way.

- 5 It is a further advantage of the invention, that the project owner is more likely to provide realistic project plans to the investors, as the payments controlled by the financing company are linked to the fulfilment of predetermined project milestones. Consequently,
10 additional transparency and security is provided to the investor.

A project according to the invention may be a project concerned with the development, production, implementation, market introduction, marketing, etc. of a
15 product, a service, software, a business method or the like. Preferably, the project is described in a project plan and/or a business plan of the company owning the project. Preferably intermediate results of the project are defined as project milestones.

- 20 Here, the term warrant comprises a security that gives the holder the right to purchase securities from the issuer of the warrant, preferably at a specific time. The term option comprises a privilege sold by one party to another that offers the buyer the right to buy or sell a
25 security at an agreed-upon price during a certain period of time or on a specific data. An option contract giving the owner the right to buy a specific amount of the underlying security is also referred to as a call-option.

Preferably, the project owner is a company issuing said
30 warrants.

According to a preferred embodiment of the invention, the investment capital is public venture capital.

When the method further comprises the step of providing an electronic market place for said first plurality of shares, the shares may be traded via the market place after completion of the subscription period, thereby
5 providing exit possibilities for the investors as well as project owners. Hence, it is an advantage of the invention that it provides an exit strategy different to the traditional exit strategies, such as IPO.

When the method further comprises the step of providing
10 predetermined information about the selected project via the Internet, a high degree of transparency is provided for investors, potential investors and/or project owners. An investor may follow the status of a project, e.g. whether intermediate milestones have been reached
15 according to the project plan. Thereby an effective investment tool is provided for a user.

When the step of raising the capital further comprises the steps of electronically accepting a purchase offer, via a user interface of a data processing system, from an
20 investor for at least one of said first plurality of shares, clearing the purchase offer according to a predetermined clearance procedure, upon clearance of the purchase offer, initiating transferring a corresponding amount of money from an account identified by the
25 investor to an account related to the first company, and initiating sending the corresponding at least one of said first plurality of shares to said investor, the purchasing of shares may be performed via electronic transactions.

30 In a preferred embodiment the at least one of said first plurality of shares purchased by the investor corresponds to a total amount between a predetermined minimum amount and a predetermined maximum amount.

When the step of raising capital for the project further comprises the step of receiving registering information from the investor via a user interface, user information may be saved and utilised in subsequent sessions.

- 5 The invention further relates to a server system for managing investment capital for at least one project, the server system comprising

a project database adapted to store data about at least a first project, the data including information about at
10 least a corresponding project owner and corresponding project milestones of said first project;

a first transaction component adapted to receive a purchase request from a client system, to initiate a clearance process, and to initiate a transaction with an
15 investor including acquiring at least one of a first plurality of shares of a first company related to the first project during a predetermined subscription period;

a second transaction component adapted to initiate transactions including acquiring a second plurality of
20 shares from the project owner by the first company in return to a number of warrants and/or options issued by the project owner, and transferring funds to the project owner corresponding to said project milestones.

The invention further relates to a client system for
25 managing investment capital for at least one project, the client system comprising

first display means for displaying project information about a plurality of selected projects;

first user interface means adapted to receive inputs from
30 a user indicating a placement of a purchase order for

shares related to at least one of said plurality of selected projects;

second display means for displaying project status information.

- 5 When the client system further comprises second user interface means adapted to receive inputs from a user indicating the offering of shares related to at least one of said projects for sale, the client system may be used as a user interface for a on-line trading system for said
10 investment certificates.

As the server and client systems correspond to the method according to the invention described above and in the following, and as they have corresponding advantages and preferred embodiments, these will not be described again.

15 BRIEF DESCRIPTION OF THE DRAWINGS

The invention will be explained more fully below in connection with preferred embodiments and with reference to the drawings, in which:

- fig. 1 shows a schematic view of a typical life-cycle of
20 a young company;

fig. 2 shows a flow diagram of an embodiment of the invention;

fig. 3a-d show data flow diagrams of an embodiment of the invention;

- 25 fig. 4a-b show flow diagrams of an embodiment of the invention;

fig. 5 shows a schematic view of a system according to a first embodiment of the invention;

fig. 6a shows a schematic view of a system according to a second embodiment of the invention; and

fig. 6b shows a block diagram of a software architecture of an embodiment of the invention.

5 DETAILED DESCRIPTION OF PREFERRED EMBODIMENTS

Fig. 1 schematically illustrates the development of the accumulated value 101 of a young company over time, corresponding to a typical life-cycle of a young company. The development may be described in terms of a number of
10 phases 104 which the company goes through. The phases may be labelled as follows

Phase	Name / key events
1	idea phase
2	sprouting
15 3	maturing
4	turn key and first financing round
5	market introduction and initial returns
6	growth, second financing round and expansion
7	Initial Public Offering (IPO) / Over-The-Counter
20 (OTC) trading or selling of the company	
8	saturation
9	loss of market shares to new ideas/companies

As is illustrated in figure 1, the potentially largest return of investment, i.e. the steepest increase of the
25 accumulated value of a young innovative company, may be achieved during the phases 3 through 7 as indicated by the vertical lines 102 and 103. This is the period from an initial maturity (phase 3) until the IPO (phase 7), where the general public gets access to an investment in
30 a company.

Referring to fig. 2, the investment process according to an embodiment of the invention may be illustrated by a flow diagram where the processes 210-218 are placed in columns 201-203. Column 201 corresponds to an investor who places an investment in a project which is owned by a project company 203, e.g. a Limited. According to this embodiment of the invention a financing company 202, e.g. a Limited, is established which corresponds to the project company. An investment is initiated in step 210 by making a project definition available to a potential investor 201. Preferably, the project definition comprises a definition of project milestones and a corresponding financing schedule, which may define a schedule for transferring funds to the project company and where the schedule may be related to the project milestones. The project milestones may be measurable events during the execution of the project. Examples of project milestones include an approval of a product by the authorities, a predetermined order volume, a market introduction of a product, the completion of a test phase or any other phase of a development project. If the potential investor decides to invest money in the project, the investor, in step 211, invests a corresponding amount in the financing company 202 corresponding to the project. In return, the financing company 202, in step 212, issues corresponding shares S_{FC} to the investor. Hence, according to this embodiment of the invention, the investment is not placed in the project company 203 directly, but rather in a corresponding financing company 202, thereby reducing the risk for the investor 201. The project company 203, in step 213, issues warrants to the financing company 202 corresponding to the investment placed by the investor 201. During the project the project company 203, in step 214, reports the progress of the project, preferably in relation to the defined project milestones. In step 215,

funds are transferred from the financing company 202 to the project company 203 according to the predetermined payment scheduled and, preferably, corresponding to the achieved milestones. The transfer of funds corresponds to the financing company 202 exercising warrants issued in step 213, and in step 216 the project company 203 issues shares S_{PC} to the financing company 202 corresponding to said warrants. The steps 214-216 may be iterated corresponding to the project plan and the payment schedule. Hence, the shares S_{PC} held by the investor 201 cover partly the funds deposited in the financing company and partly the acquired shares S_{PC} of the project company 203 held by the financing company 202. Upon completion of the payment schedule, e.g. when all the project milestones are achieved and all the funds deposited in the financing company are transformed into shares S_{PC} , the financing company 202 may be liquidated and, in step 217, the shares S_{PC} held by the investor are converted into shares SPC in the project company which the investor receives in step 218. Should the payments to the project company 203 stop before all funds are transferred into shares S_{PC} , e.g. because the project company 203 goes bankrupt or the project is terminated, the remaining funds held by the financing company 202 are distributed to the investors according to their respective shares. It is an advantage of this embodiment of the invention, that the investor does not risk the entire investment at the beginning of the project, but the investment is performed in a successive and controlled way.

Figs. 3a-d show data flow diagrams of an embodiment of the invention seen from the point of view of different actors of the investment process, respectively.

Fig. 3a illustrates the investment process seen from the point of view of a venture capital centre which manages

the overall investment process and creates the contact between an investor 301 and a project owner 304. Preferably, the investment process is implemented electronically by a computer system, e.g. an Internet application as described in connection with figs. 5 and 6a-b. Based on project information 311 provided by the project owner 304 to the venture capital centre 305 a contractual agreement 312 is made between the project owner 304 and the venture capital centre 305 which governs the further relationship between them. The project information is reviewed and the potential projects are evaluated. As a result of this project evaluation 308 selected projects 315 are identified. These projects are presented, e.g. via a website or other media, such as newsletters, articles, brochures, presentation videos, events or the like. An investor 301 who wishes to invest in a given project within a predetermined subscription period may log into a web site, using a user ID and password acquired during a registration session. The web site provides a user interface for selecting projects where an investor 301 may select one or more projects, select corresponding amounts he or she wishes to invest in the corresponding projects, select a payment method and other relevant information. The investor 301 may initiate a transaction, via the user interface provided by the web site, by acknowledging an on-line agreement or contract 317 between the investor 301 and the venture capital centre 305. The purchase information 321 is sent to an account management system 306 which returns an acknowledgment 320 to the investor 301 upon clearance of the payment. The account management system 306 also manages the subsequent payments 314 to the project owner 304 according to a predetermined payment schedule which is, preferably, part of the contract 312 between the venture capital centre 305 and the project owner 304. The investor receives

shares 321 issued corresponding to the investment placed by the investor 301. After completion of the subscription period, the investment certificates 321 may be traded via a market place 307 which is accessible to both the project owner, the investors and third parties.

Now referring to fig. 3b, the investment process from the point of view of an investor 301 may be initiated when the investor 301, via a user interface such as a browser, receives information from a public information area of the web site 330 of the venture capital centre. If the investor 301 wishes to place an investment, a registration is necessary, e.g. according to the process described in connection with fig. 4c. As a registered user, the investor 301 may log in by providing log-in data 333, e.g. a user ID and a password which in the process 332 may be used to verify the identity of the investor 301. The investor 301 may initiate a transaction by selecting a project, an amount and a payment method, such as via credit card, check, etc. Upon receipt of the payment 334, e.g. upon receipt of a check, the purchase 339 is registered as completed and corresponding data 340 is stored in a transaction database 342. The stored data may include the invested amount, method of payment, date and time, user information such as user ID, value date, or the like. Furthermore, an acknowledgement 307 is sent to the investor 301, e.g. electronically, by mail, special delivery or the like. Subsequently, the actual clearing 341 of the payment is performed, preferably by an external partner, such as a bank. Upon clearance 338 of the payment, corresponding investment certificates are issued 309 and sent to the investor 301, e.g. electronically or by mail. Subsequently, the investor 301 may receive information related to the investment and the corresponding project. The investor may, as a registered user of the web site of the venture capital centre, via a

browser, acquire information, such as information about the agreement between the investor 301 and the venture capital centre, status information about the project, financial information regarding the project company, information regarding project milestones, the project evaluation, information about the project organisation, such as the project management etc.

Fig. 3c illustrates the investment process seen from the point of view of the project owner 304, such as an entrepreneur or a company. The initial contact between the project owner 304 and the venture capital centre 305 may be initiated by the project owner 304, e.g. via the web site of the venture capital centre. On the web site, the project owner 304 may, via a user interface such as a browser, retrieve information. This may be general project information about other projects or information addressed to project owners, which may for example be accessed by selecting, e.g. by following a link, a specific page addressing project owners. The information may include information about the investment process and requirements for a project to become an object of investments according to the invention. These requirements may include a certain level of maturity of the project, as described in connection with fig. 1, a business plan, a project plan, and the establishment of a company owning the project.

In a preferred embodiment of the invention, the user interface provided to the project owner comprises a possibility of selecting a score system. The score system may be an automated project evaluation system which may be part of the web site of the venture capital centre or a separate software application which, preferably, may be downloaded from the web site to the project owner's computer. The score system may present a number of

questions to the project owner 304 via a user interface. Based upon answers provided by the project owner 304 via the user interface, the score system may select, according to predetermined rules, further questions to be presented to the project owner 304. Based upon the input received from the project owner 304, the score system may then calculate a score corresponding to the required maturity of the project or the degree to which the project fulfils the defined requirements. The calculation of the score may be based upon predefined rules or other methods including neural networks, artificial intelligence, or the like. The score system may also display which specific requirements have not been fulfilled and suggest possible actions, such as links to expert advice etc.

An interested project owner 304 may contact the venture capital centre 305, e.g. via the web site, possibly after a successful completion of the score system, and provide required material 361, e.g. business plans, project plans, etc., to be used for a detailed project analysis. Based upon this material a project selection is performed, preferably by a committee of experts and in collaboration with the respective project owners. A result of this selection process is a number of candidate projects to be included in the investment process according to the invention.

Subsequently, the project owners of the selected candidate projects undergo an assessment 355 of the company owning the project and of the project itself. Preferably, the assessment is performed by an independent partner 362 and according to one or more known assessment models, such as cash flow, Economics Value Added (EVA), earnings-capitalisation, Price to Earning (P/E), or the like.

Based on the results of the project selection 360 and the assessment 355, a contractual agreement 312 is made between the project owner 304 and the venture capital centre. The issues covered by the contract 312 may include the contract period, the amount of capital to be raised, the fees to be paid to the venture capital centre 305, the exit possibilities 353 of the partners, a payment schedule and the related project milestones, a subscription period, a specification of the information to be provided by the project owner 304 during the project period. The subscription period of a project is the period when the investor 301 may invest in the project. Preferably, during the subscription period the project is indicated as open for investment on the web site 330 of the venture management centre 305. The payment schedule of a project comprises a specification of the budgeted payments to the project and their relation to the project milestones.

Subsequently, the venture capital centre 305 makes the agreed project information 356 available to possible investors, e.g. via the web site 330 of the venture capital centre 305.

After completion of the subscription period, the actual payments 314 to the project owner are managed by an account management system 306, which may be located at an accountant, a bank or the like. The account management system 306 sends a notification to the venture capital centre 305 and the project owner 304 when the subscription period is completed or when the agreed capital has been raised. The project owner 304 receives a bill 313 for the fees to be paid to the venture capital centre 305. The project owner 304 receives the agreed payments 356 according to the payment schedule. The project owner 304 provides the agreed project information

361 about the status of the project. The venture capital
centre keeps the web site 330 updated accordingly.
Alternatively or additionally, the project owner 304 may
update the information on the web site 330 directly, via
5 a client computer running a browser.

After completion of the subscription period, the project
owner 304 may trade investment certificates on the market
place 307.

Fig. 3d illustrates the account management process of the
10 investment process according to an embodiment of the
invention.

The account management system 306 receives information
from the venture capital centre 305 regarding the
subscription period 373 and the payment schedule 372.

15 During the subscription period, an authorised accountant
or a bank receives payments from the investors 301. The
payments are registered by the account management system
306 in a transaction database 342. After completion of
the subscription period, the account management system
20 306 sends information 375 to the project owner 304 and
the venture capital centre 305 about the amount of
capital raised. The venture capital centre 305 sends a
bill 313 to the project owner 304 and receives a
corresponding fee 374, e.g. a percentage drawn from the
25 raised amount. The account management system 306
initiates the transfer of payments 376 to the project
owner 304 according to the payment schedule 372. The
account management system 306 maintains the transaction
database 342 according to the performed transactions.

30 Now referring to fig. 4a, the overall investment process
according to an embodiment of the invention is initiated
by the step 401 of selecting suitable projects according

to predetermined criteria. Subsequently, in step 402, project information is made available to potential investors, preferably via a web site provided by a web server of the venture capital centre and accessible via the Internet. At the start of a predetermined subscription period 403 of a selected project, the project is marked as open for investments. During the subscription period, in step 404, investment certificates are sold, preferably via a user interface provided by said web server. When, in step 405, the subscription period is terminated, the investment certificates are, in step 406, tradable on a market place, preferably an electronic market place accessible via the Internet, which allows the buying and selling of said investment certificates.

Fig. 4b illustrates a detailed flow diagram of the step 404 of selling investment certificates via a web site. When the investor, via a browser running on the user's computer, visits the web site, information about the active projects is displayed in step 407, i.e. information about projects during their respective subscription period. If the user has previously registered and obtained a user ID and a password, he or she may, in step 410, log in as an investor. Otherwise the user may register in step 409. A registration may comprise the submission of customer information, such as address, bank connection, etc., storing of that information in a customer database, accepting an electronic agreement by the investor, issuing a user ID and a password and transmitting them to the investor. After selecting, via the user's browser, one or more projects and after providing relevant information, such as the amount to be invested, the desired method of payment etc., a purchase request is transmitted via the Internet and, in step 411, received by the web server of

the venture capital centre. Upon receipt of a purchase order an acknowledgment may, in step 412 be sent back to the investor. The purchase request initiates, in step 413, a clearing process for the corresponding payment and the issuing and transmitting of corresponding investment certificates to the investor.

Fig. 5 illustrates a computer system according to a first embodiment of the invention. The system comprises a server computer 505a at the venture capital centre 505. The server 505a is a web server connected to the Internet 503 and executing a software application which implements the web site of the venture capital centre 505. An investor 501 may communicate with the computer 505a of the venture capital centre 505 via a client computer 501a which is connected to the Internet 503, e.g. via an Internet service provider. The computer 501a may be a stationary or portable computer, e.g. a PC with a screen, a keyboard and a pointing device such as a mouse, or a PDA, a mobile phone or the like. Preferably, a browser is running on the computer 501a. Similarly, a project owner 502 may communicate with the computer 505a of the venture capital centre 505 via a client computer 502a connected to the Internet 503. The account management system 506 comprises a server computer 506a which is connected to the Internet 503. The account management system 506 further comprises a transaction database 506b adapted to store data relevant to purchase transactions and the payments to the projects, and a database 506c adapted to store data corresponding to the investment certificates. These databases may physically reside on the computer 506a or on a separate database server (not shown) which may be connected to the computer 506a via a local area network. Alternatively, the databases 506b and 506c may be combined in a single database. An account management software application is executed on the computer 506a,

which is adapted to maintain the contents of the databases 506b-c and to communicate, e.g. via the Internet 503, with the computers 501a, 505a and 502a, respectively, in order to initiate payments, receive
5 payment schedule information, transmit account status information, or the like. The system further comprises a market place system 507 comprising a server computer 507a connected to the Internet 503, and executing software which implements an on-line trading system for the
10 investment certificates. The market place system 507 also comprises a database 507b for storing relevant data about the investment certificates and the trading transactions. Alternatively, the venture capital centre 505 and the market place system 507 may be combined in one computer
15 system, e.g. a local area network with a single Internet gateway.

Fig. 6a illustrates a computer system according a second embodiment of the invention. The system comprises a server computer 605a at the venture capital centre 605.
20 The server 605a is a web server connected, via a firewall 605f, to the Internet 603 and, via a local area network to a database server hosting a project database 605b, a transaction database 605c, and a customer database 605d. The server 605a is adapted to execute a software
25 application which implements the web site of the venture capital centre 605. The project database 605b is adapted to store project data, such as project owners, project plans including milestones, project definitions, business plans, status information, etc. The transactions database
30 605c is adapted to store transaction data about the purchase of investment certificates, such as amount, investor information, value date, payment method, etc. Preferably, the database 605c is a copy of a master database 606b which resides in the account management
35 system 606. This may, for example, be implemented by a

known database replication mechanism. The customer database 605d is adapted to store investor data, such as name, address, user ID, password, account information, investment profile, etc., of the registered investors. An investor 601 and a project owner 602 may communicate with the computer 605a of the venture capital centre 605 via respective client computers 601a and 602a as described in connection with fig. 5. The account management system 606 comprises a server computer 606a which is connected to the Internet 603 via a firewall 606d. The account management system 506 further comprises a master transaction database 606b adapted to store data relevant to the purchase transactions and the payments to the projects, and a database 606c adapted to store data corresponding to the investment certificates as described in connection with fig. 5. As described in connection with fig. 5, an account management software application is executed on the computer 606a. The server 606a of the account management centre 606 is connected to the server 605a of the venture capital centre 605 via a communications link 609, e.g. a dial-up connection, a local area network, or via a virtual private network. Preferably, the communications link 609 provides encryption and data integrity. The communications link may be used for the exchange of sensitive information, such as the transmission of purchase requests, or requests for scheduled payments to the project owner, the replication of the transaction databases, etc.

The system further comprises a market place system 607 as described in connection with fig.5. The server computer 607a of the market place system 607 is connected to the Internet 603, preferably via a firewall (not shown), and via a communications link 608, similar to the communications link 609, with the server computer 605a of the venture capital centre 605. The server 607a is

adapted to execute software which implements an on-line trading system for the investment certificates. The market place system 607 also comprises a database 507b for storing relevant data about the investment
5 certificates and the trading transactions. The system further comprises a project selection and evaluation system 604 which comprises a server computer 604a which is adapted to execute application software which supports the process of project selection and evaluation. The
10 server 604a has access to a database 604b of potential projects and database 604c of performed project assessments. Preferably, the server 604a is connected to the Internet 603 and, via a separate communications link 610 similar to the communications link 609, to the
15 venture capital centre 605.

Now referring to fig. 6b, an embodiment of the software architecture of the system of fig. 6a comprises an account management system 620, a venture capital system 630, a client system 640 and a market place system 650.
20 Additionally, the software may comprise other software systems, such as a project assessment system. Furthermore, one or more of the systems may be implemented as smaller, independent systems. The venture capital system 630 comprises an information retrieval
25 module 630d which interfaces to a project database 630e. The project database 630e is adapted to store data about projects which are subject to investments and, preferably, candidate projects under evaluation. The data stored in the project database 630e may include project
30 IDs, project owner IDs, project plans comprising milestone dates and milestone definitions, business plans of the project owners, project scores, project assessment data, subscription periods, target amounts, minimum amounts, maximum amounts, etc. The information retrieval
35 module 630d retrieves data related to one or more

projects from the project database 630e and sends the retrieved data to a client system 640, where all or some of the data may be displayed by a project information display interface 640c or a project status display interface 640d. The venture capital system 630 further comprises a transaction module 630b which interfaces to a project selection user interface 640a of the client system 640 and the modules 620a-c of the account management system 620. Upon receipt of a purchase request from the project selection user interface 640a, the transaction module 630b sends a corresponding request to the clearance module 620a of the account management system 620 which initiates a clearance process for the corresponding payment. The request may include payment parameters such as transaction ID, project ID, investor ID, amount, payment method, date and time stamp, etc. Upon clearance of the payment the clearance module 620a sends a reply message back to the transaction module 630b which, in turn, sends a request to the account management module 620c initiating the update of the accounts of the project owner and the investor, respectively, and to initiate the issuing of investment certificates. After completion of the subscription period, the transaction module 630b sends payment requests to the payment module 620b to initiate payments to the project owner according to the payment schedule. All transactions initiated by the transaction module are stored in a transaction database 630a. The venture capital system 630 further comprises a score system 630c which interfaces to a score system client 640b of the client system 640. The score system 630c is adapted to generate a set of questions and to send them to the score client 640b for display. Upon receipt of replies to the questions from the score client 640b, the score system 630c calculates a project score which is sent to the client 640b for display. The venture capital system further comprises a user management module

630f which interfaces to a user database 630g and the corresponding client module 640g. The user management module 630f is responsible of managing relevant user data and the authentication of users.

- 5 The account management system 620 comprises the clearance module 620a, the payment module 620b, and the account management module 620c, which interface with the transaction module 630b of the venture capital system 630. The clearance module 620a is responsible for
- 10 managing the clearance process of payments initiated by a user via the client system 640. The payment module 620b manages the scheduled payments to the project owners including the corresponding transfer of funds and the initiation of a possible issuing of shares from a project
- 15 company to a financing company as described in connection with the embodiment of fig. 2. The account management module 620c maintains the accounts of the project owners and the investors, and it interfaces to the investment certificate management module 620d which is responsible
- 20 of managing the investment certificates during the subscription period. All transactions of the account management system 620 are logged in databases. The modules 620a-c interface to a transactions database 620f and store relevant transaction data in the transaction
- 25 database 620f. The investment certificate management module 620d maintains a investment certificate database 620e, where the status of all investment certificates are stored, such as project, owner, value, date of purchase, etc.
- 30 The client system 640 provides user interfaces for the venture capital system 630 and the market place system 650. Alternatively, separate client systems may be implemented for the venture capital system 630 and the market place system 650, respectively. The client system

comprises a project selection user interface 640a which allows a user to place an investment by selecting projects during their respective subscription period, and to specify amounts, methods of payment, etc. The score
5 system user interface 640b provides a user interface of the score system 630c. The display modules 640c and 640d allow a user to view status information about selected projects. The project information display module 640c is adapted to display project information during the
10 subscription period of a project and the status display module 640d is adapted to display status information during the life cycle of a project, such as the tracking of milestones, updates of project plans, business plans, etc. The registration module 640g provides a user
15 interface for the registration of new users and for the changing of user information of existing users.

The client system further comprises user interface modules 640e-f providing user interfaces for the market place system 650b. The market place information display
20 module 640f allows a user to follow the trading in the market place while the on-line trading user interface 640e allows a user to trade investment certificates.

Preferably, the client modules 640a-g of the client system 640 may be implemented in connection with a
25 standard browser, e.g. via applets or plug-ins. Alternatively, the user interfaces may be implemented as one or more separate software applications, preferably providing a graphical user interface.

The market place system 650 comprises a market place
30 system module 650b which interfaces with the client modules 640e-f of the client system 640 and which manages the trading of investment certificates after the termination of the corresponding subscription period. The

market place system further comprises a transaction database 650b for the storage of relevant transaction data. Preferably, the market place system 650 is connected to or integrated with an account management system, e.g. the account management system 620 for the management of payments and accounts.

In the above the invention has been described in the context of the Internet, i.e. a TCP/IP based communications network. However, it is understood that a person skilled in the art may implement the invention using other communications networks and other protocols.

CLAIMS

1. A method of managing investment capital for at least one project, the method comprising the steps of

5 selecting a project owned by a project owner, the project corresponding to a plurality of predetermined project milestones;

raising capital for the project by selling a first plurality of shares of a first company related to the project to at least one investor during a subscription
10 period;

issuing a number of warrants and/or options by the project owner to the first company corresponding to the raised capital;

15 initiating transactions between the project owner and the first company according to a predetermined payment schedule corresponding to the project milestones, where the first company acquires a second plurality of shares of the project owner corresponding to said warrants and/or options.

20 2. The method according to claim 1, where the method further comprises the step of providing an electronic market place for said first plurality of shares.

3. The method according to claim 1, where the method further comprises the step of providing predetermined
25 information about the selected project via the Internet.

4. The method according to claim 1, where the step of raising the capital further comprises the steps of

electronically accepting a purchase offer, via a user interface of a data processing system, from an investor for at least one of said first plurality of shares;

5 clearing the purchase offer according to a predetermined clearance procedure;

upon clearance of the purchase offer, initiating transferring a corresponding amount of money from an account identified by the investor to an account related to the first company, and initiating sending the
10 corresponding at least one of said first plurality of shares to said investor.

5. The method according to claim 4, where the at least one of said first plurality of shares purchased by the investor corresponds to a total amount between a
15 predetermined minimum amount and a predetermined maximum amount.

6. The method according to claim 1, where the step of raising capital for the project further comprises the step of receiving registering information from the
20 investor via a user interface.

7. A server system for managing investment capital for at least one project, the server system comprising

a project database adapted to store data about at least a first project, the data including information about at
25 least a corresponding project owner and corresponding project milestones of said first project;

a first transaction component adapted to receive a purchase request from a client system, to initiate a clearance process, and to initiate a transaction with an
30 investor including acquiring at least one of a first

plurality of shares of a first company related to the first project during a predetermined subscription period;

- 5 a second transaction component adapted to initiate transactions including acquiring a second plurality of shares from the project owner by the first company in return to a number of warrants and/or options issued by the project owner, and transferring funds to the project owner corresponding to said project milestones.

- 10 8. The server system according to claim 7, where the system further comprises a market place component including

a trade database adapted to store information about buy and sell transactions of shares related to of the first project;

- 15 a third transaction component adapted to receive a selected one of buy and sell requests for the first plurality of shares related to the first project, and to initiate a corresponding buy or sell transaction.

- 20 9. The server system according to claim 7, where the system further comprises a project evaluation component including

project data reception component adapted to receive predetermined project data from a client system;

- 25 project scoring component adapted to calculate a project evaluation score based upon the received predetermined project data and predetermined evaluation criteria;

10. A client system for managing investment capital for at least one project, the client system comprising

first display means for displaying project information about a plurality of selected projects;

first user interface means adapted to receive inputs from a user indicating a placement of a purchase order for
5 shares related to at least one of said plurality of selected projects;

second display means for displaying project status information;

second user interface means adapted to receive inputs
10 from a user indicating the offering of shares related to at least one of said projects for sale.

11. A client system for managing investment capital for at least one project, the client system comprising

first display means for displaying project information
15 about a plurality of selected projects;

first user interface means adapted to receive inputs from a user indicating a placement of a purchase order for shares related to at least one of said plurality of selected projects;

20 second display means for displaying project status information.

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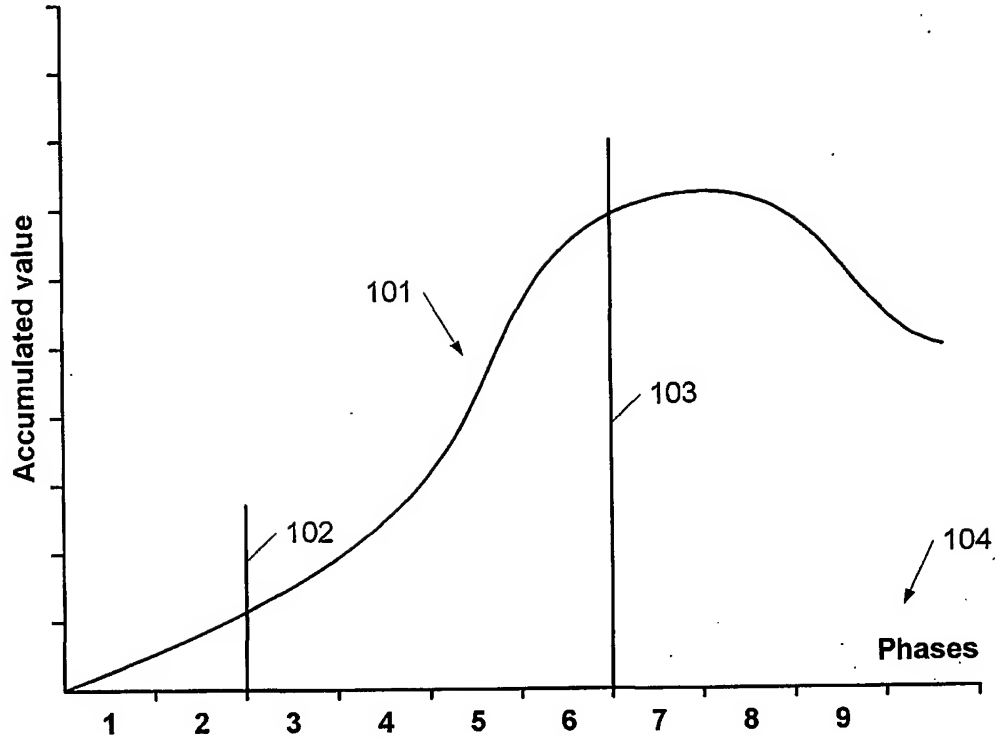


Fig. 1

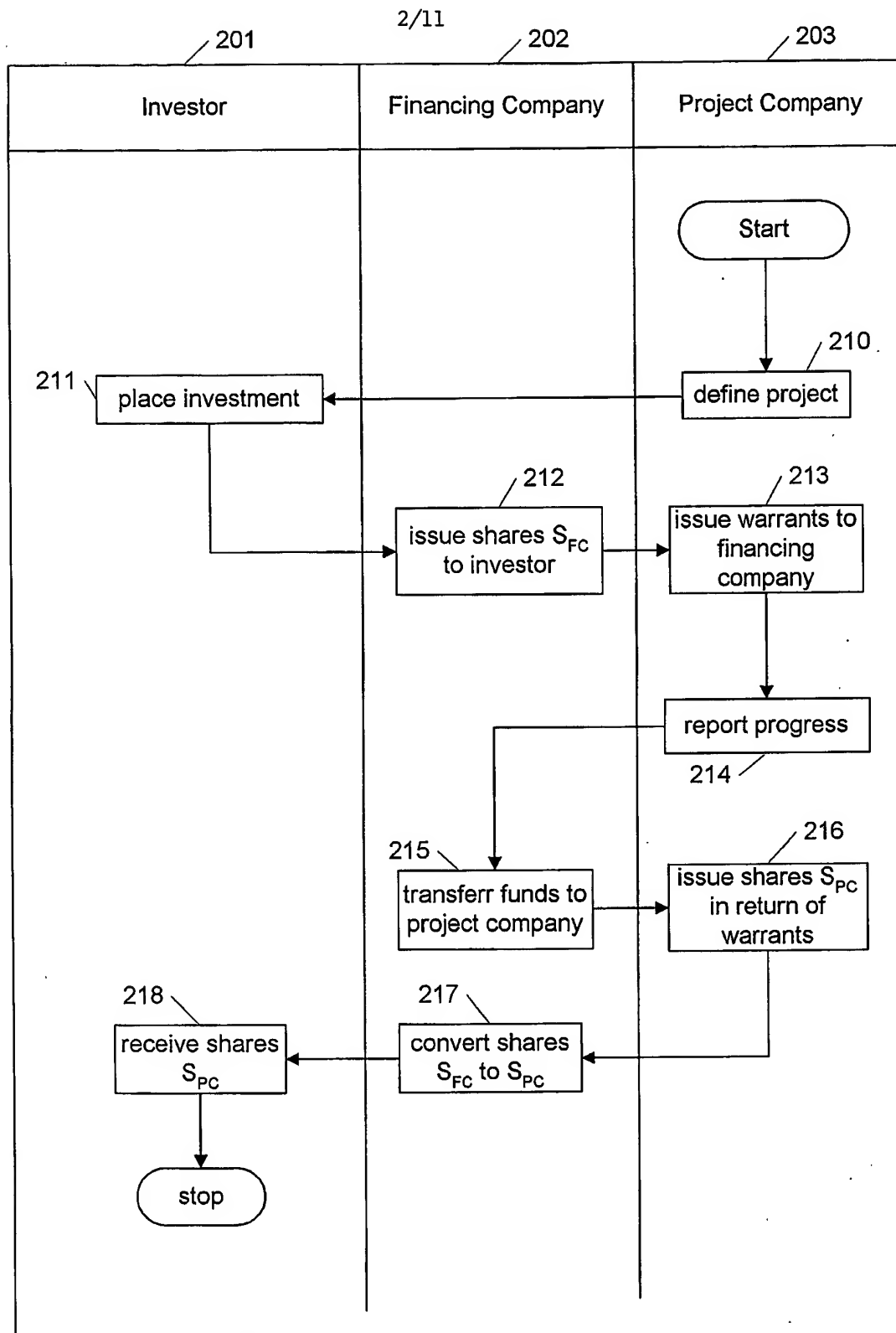


Fig. 2

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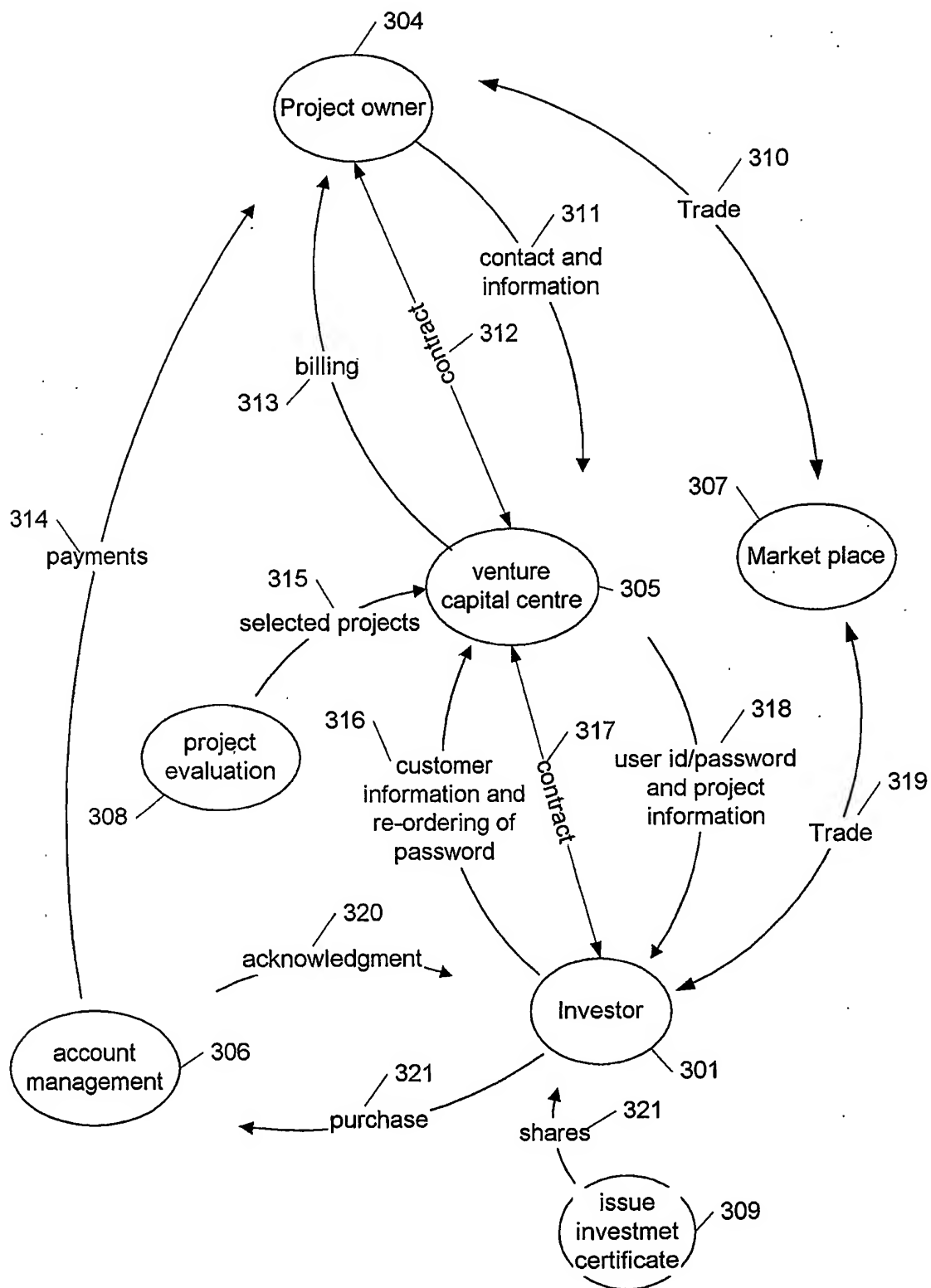


Fig. 3a

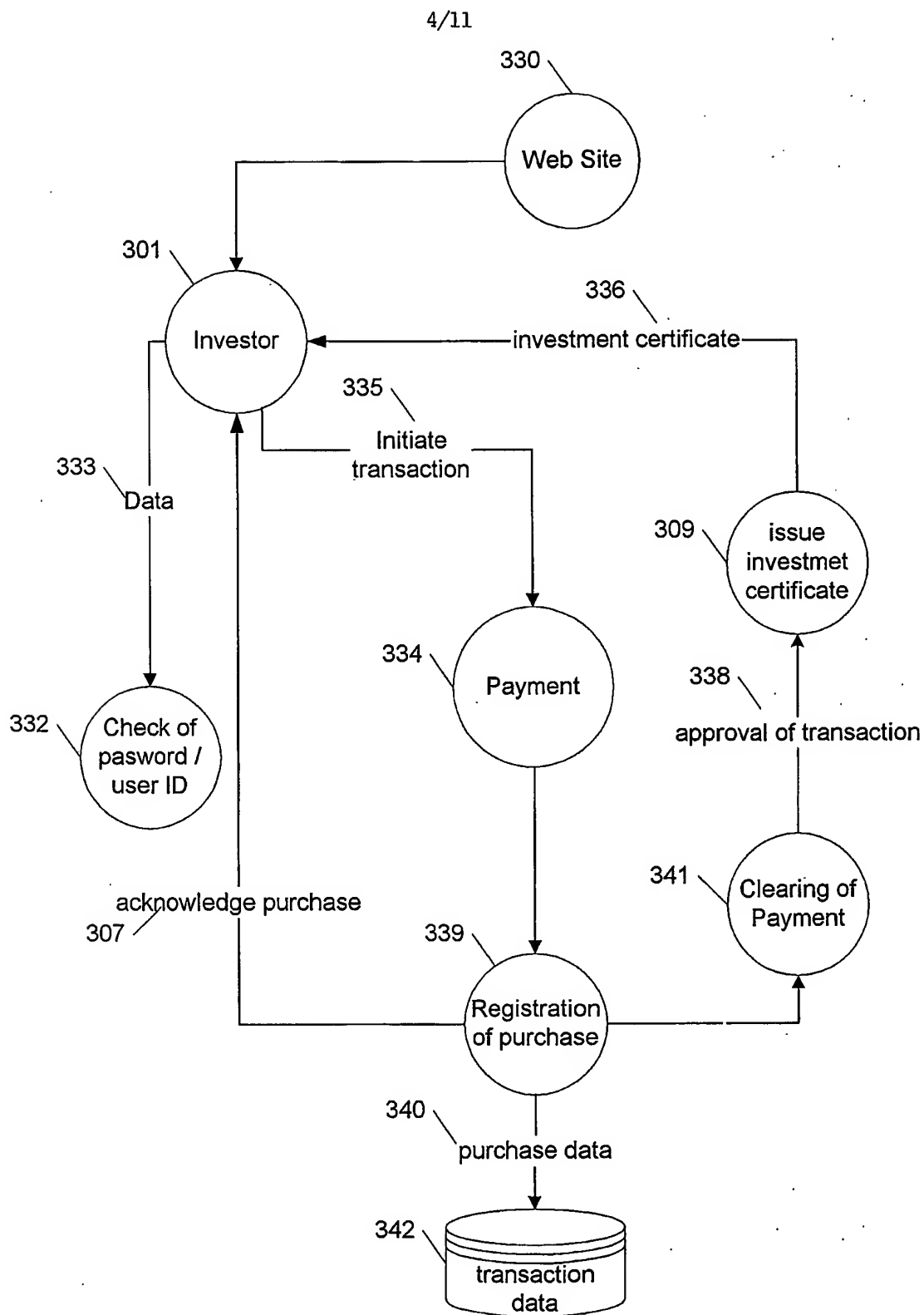
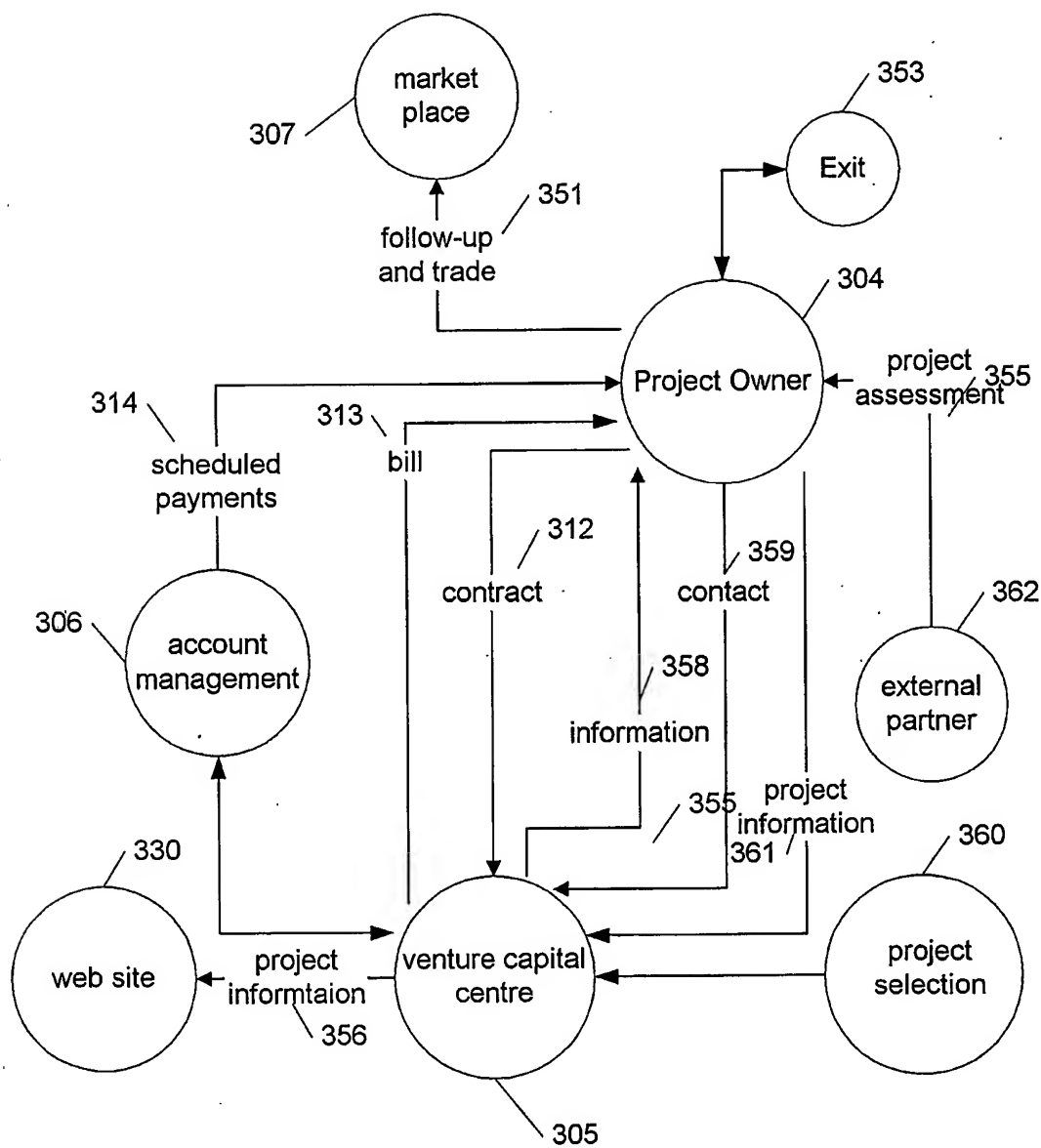
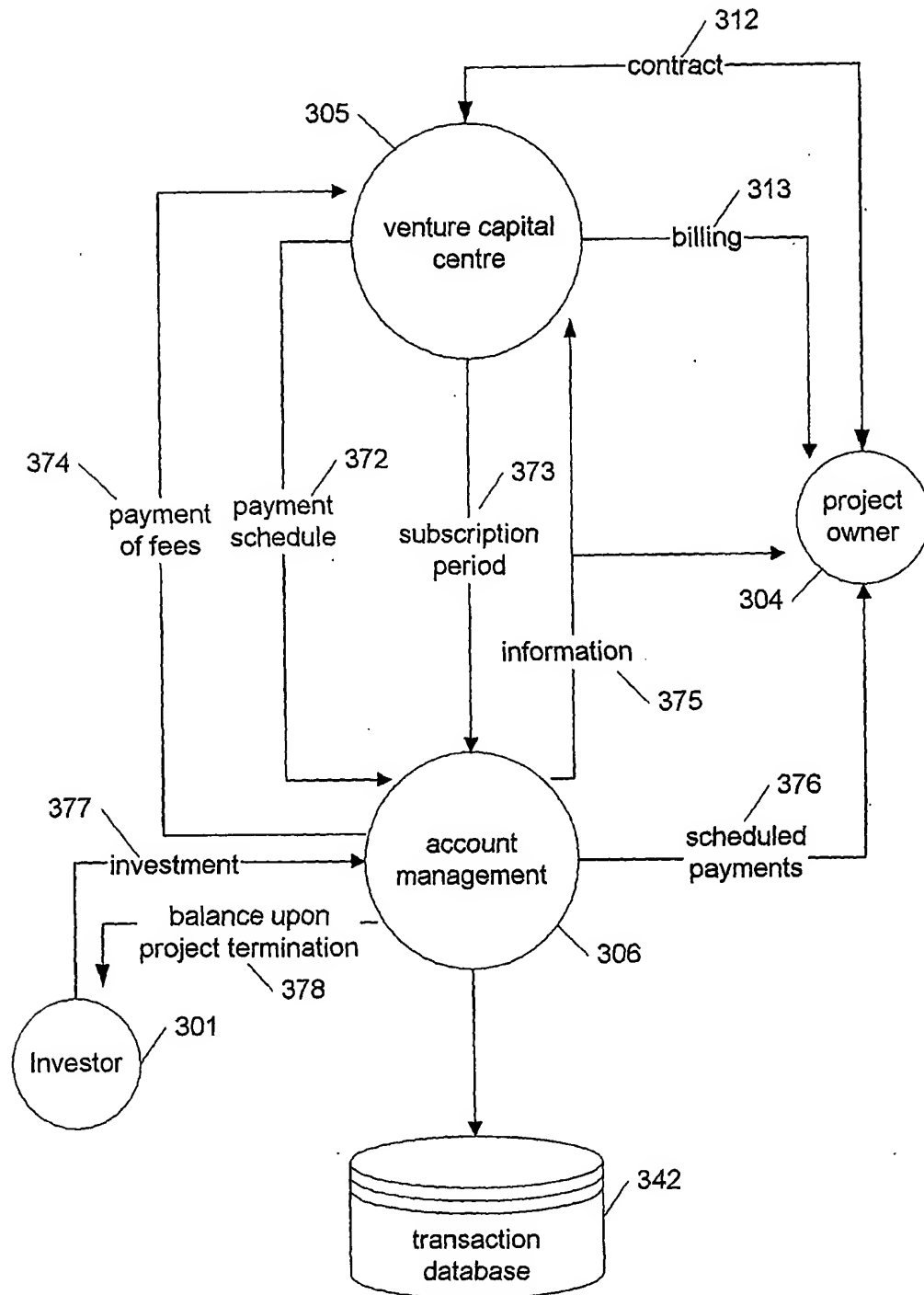


Fig. 3b

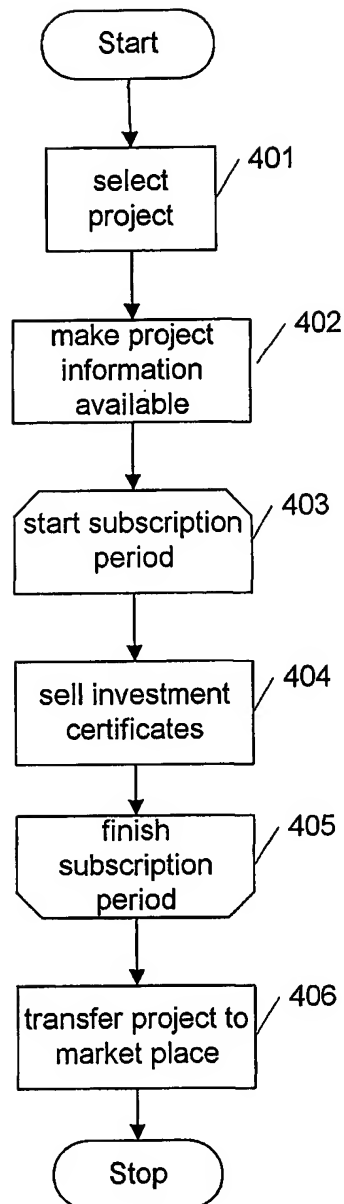
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**Fig. 3c**

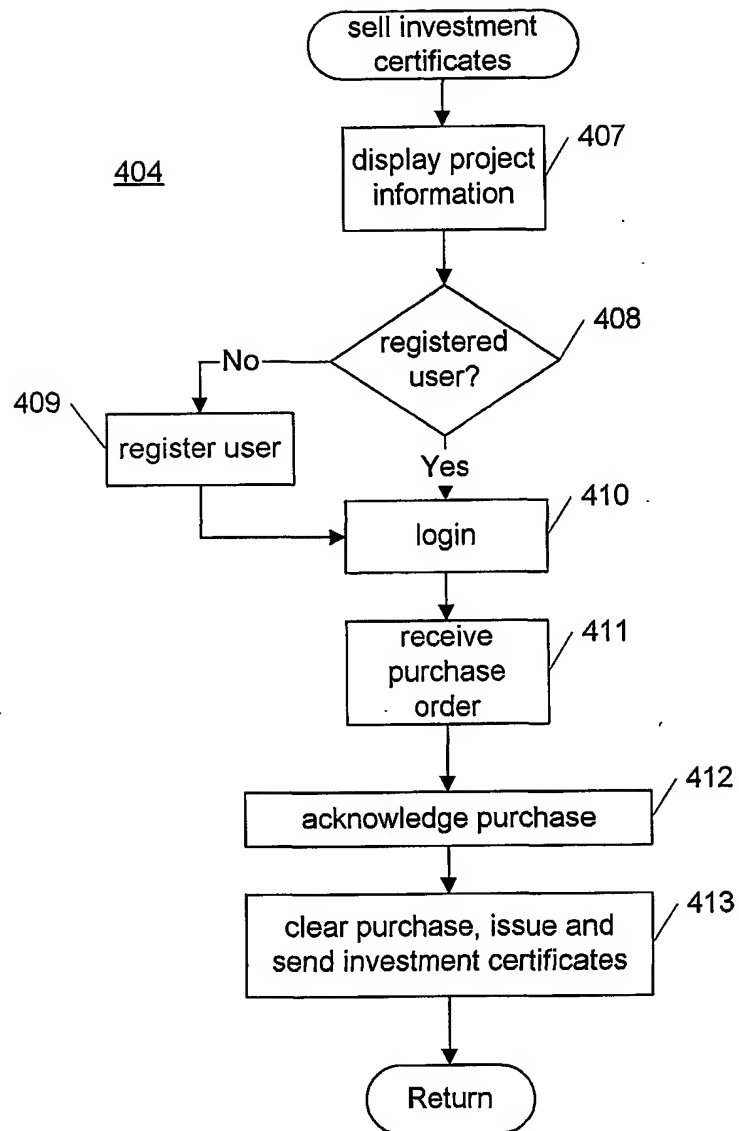
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**Fig. 3d**

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**Fig. 4a**

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**Fig. 4b**

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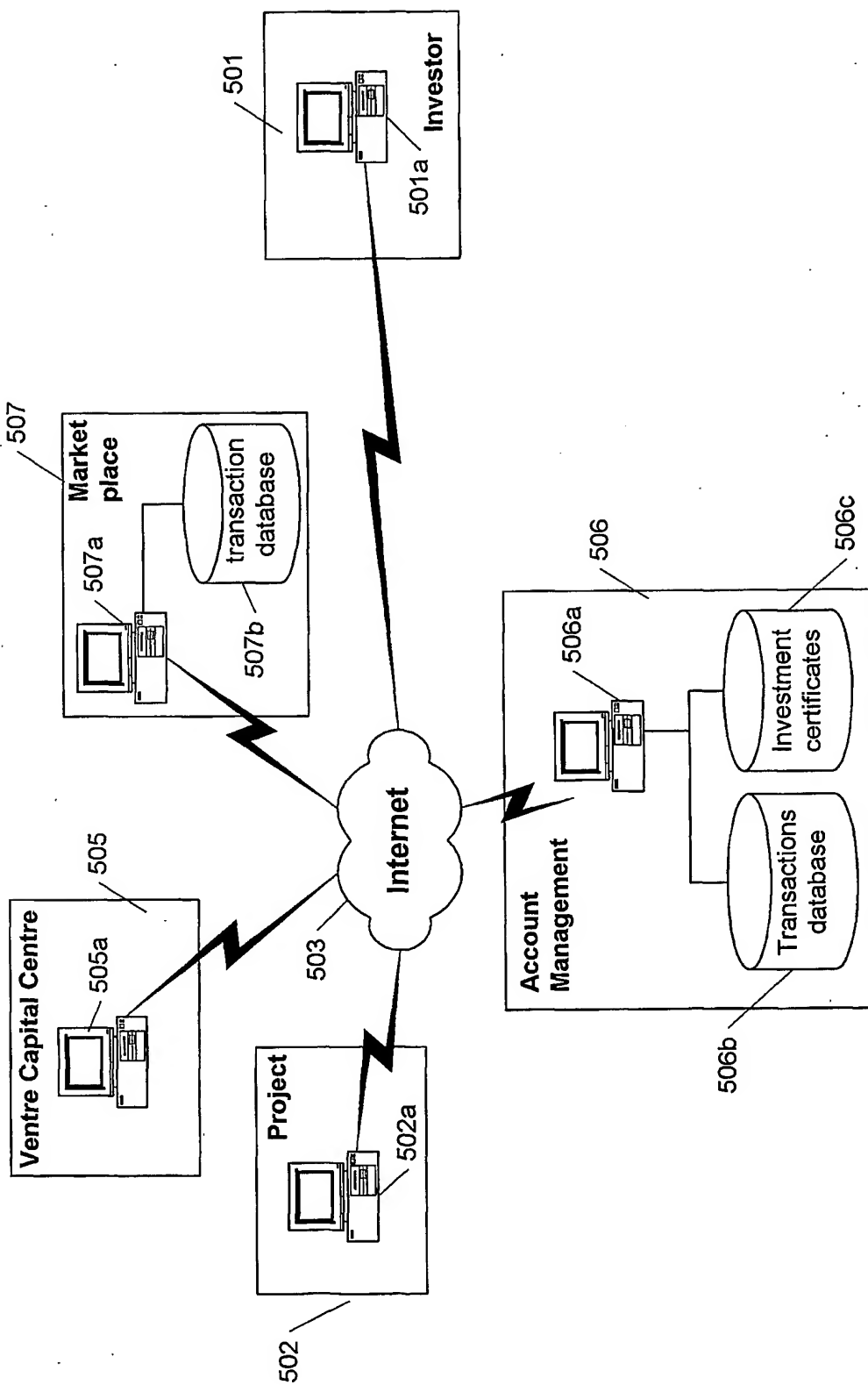


Fig. 5

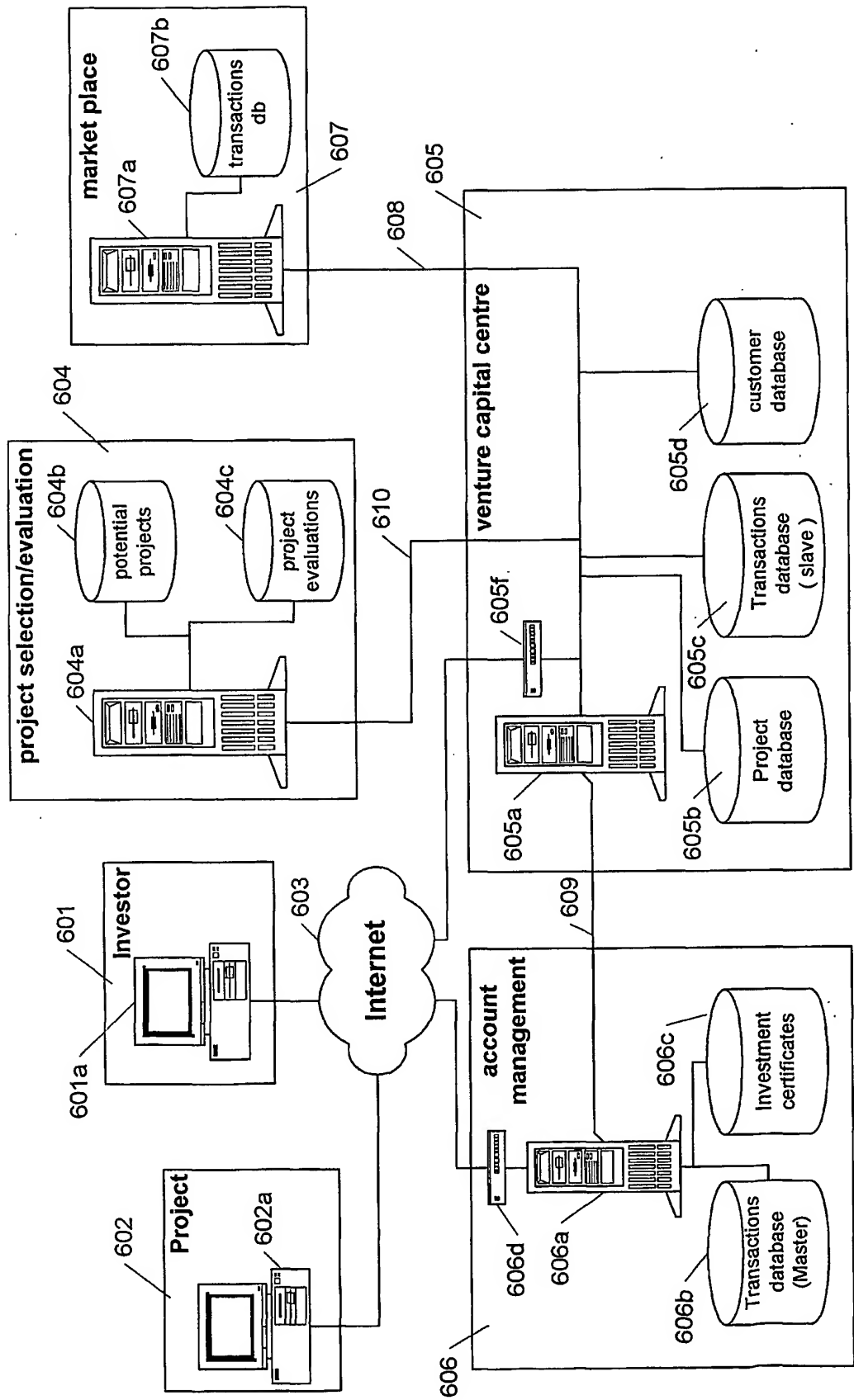


Fig. 6a

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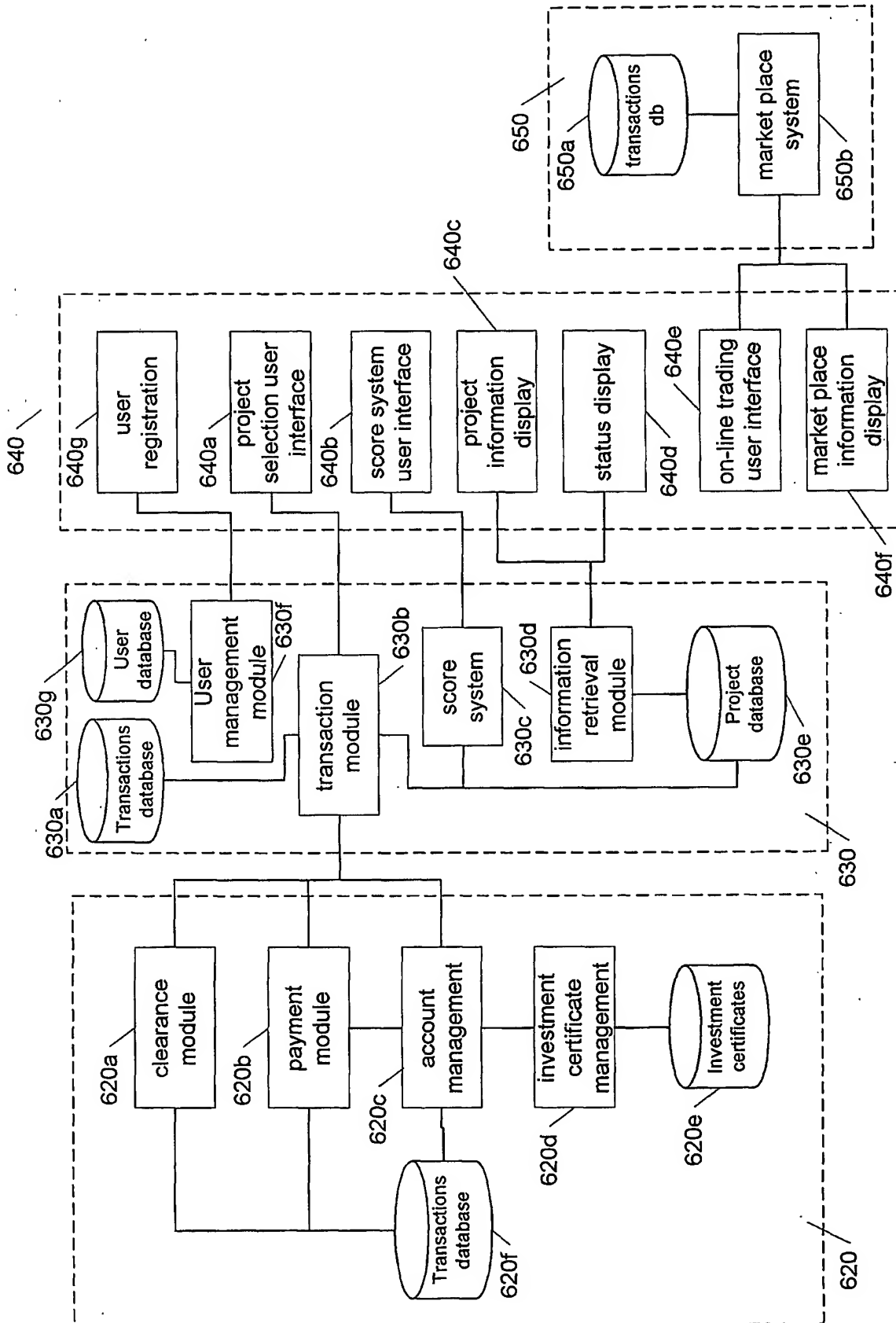


Fig. 6b